

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT NO. 2397.

LISTED SEPTEMBER 15, 1969

1,155,000 Common shares without par value, of which
885,000 shares are subject to issuance.
Stock Symbol "AHD".
Post Section 6.2.
Dial Quotation No. 2299.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

AUTOMOTIVE HARDWARE LIMITED

A Company incorporated under The Corporations Act (Ontario)
by letters patent dated December 2, 1944

(COMMON SHARES WITHOUT PAR VALUE)
CAPITALIZATION AS AT AUGUST 1, 1969

SHARE CAPITAL

	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Class A non-cumulative, non-voting shares with a par value of \$1 each (Class A shares)	5,000,000	—	—
Class B participating shares without par value	1,000,000	600,000	—
Common Shares without par value (common shares)	3,000,000	300,000	1,155,000*

* of which 855,000 are subject to issuance.

LONG-TERM DEBT, non-current portion
AUTOMOTIVE HARDWARE LIMITED
Debentures

6% Convertible Debentures Series A due July 2, 1989 OTHER	\$3,000,000 (1)	\$3,000,000	—
--	-----------------	-------------	---

Lien balances on machinery (secured)		\$ 537,644	—
---	--	------------	---

SUBSIDIARY COMPANIES

Automatic Screw Machine Products Limited 6 7/8 % First Mortgage due January 1, 1986		\$ 994,764	—
---	--	------------	---

MINORITY INTEREST IN SUBSIDIARY COMPANY

Docap Manufacturing Company Limited Preference Shares	—	\$ 4,750*	—
---	---	-----------	---

Common shares and retained earnings	—	\$ 26,950*	—
--	---	------------	---

* as at December 31, 1968.

(1) Subject to the restrictions contained in the trust indenture under which the 6% Convertible Debentures Series A are issued, debentures may be issued without limitation in amount.

1.

APPLICATION

AUTOMOTIVE HARDWARE LIMITED (the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 1,155,000 common shares without par value of the Company (the "common shares"), of which 300,000 common shares have been issued and are outstanding as fully paid and non-assessable. The remaining 855,000 common shares included in this application are issuable as follows:

(a) 210,000 common shares are issuable upon conversion of the Company's outstanding \$3,000,000 aggregate principal amount of 6% Convertible Debentures Series A due July 2, 1989, which are convertible up to the close of business on July 2, 1979, at a conversion rate of 70 common shares for each \$1,000 principal amount of Series A Debentures, being equivalent to a conversion price of \$14.29 per share,

(b) 600,000 common shares upon conversion of the Company's outstanding 600,000 Class B participating shares without par value (Class B shares), and

(c) 45,000 common shares are issuable upon the exercise of options granted or to be granted pursuant to the Company's Employee Stock Option Plan; options to be granted under such Plan are exercisable at a price per share of not less than 90% of the prevailing market price of such shares as at the close of business on the business day preceding the date of grant.

2.

REFERENCE TO PROSPECTUS

Reference is made to the attached Prospectus (the "Prospectus") issued by the Company under date of June 11, 1969, with respect to the issue and the offering of \$3,000,000 principal amount of 6% Convertible Debentures Series A of the Company, the issue and offering of 100,000 common shares of the Company and the secondary offering of 200,000 common shares of the Company, which Prospectus is hereby incorporated in this application and made part hereof. Particulars of the incorporation, history, business and properties of the Company and its subsidiaries are, except as specifically referred to herein, set forth in the Prospectus.

3.

INCORPORATION AND CHANGES IN SHARE CAPITAL

The Company was incorporated under the laws of the Province of Ontario by letters patent dated December 2, 1944. Supplementary letters patent dated February 7, 1968, and April 28, 1969, have been issued to the Company. For changes in the capital structure of the Company particular reference is made to issued Note 2 to the financial statements appearing in the said Prospectus which describes the effect of the supplementary letters patent dated April 28, 1969. The only other change in the capital structure of the Company that has occurred is the redemption on April 28, 1969, of 1,000 non-voting preference shares of the par value of \$10 each which were issued on December 20, 1944.

4.

SHARES ISSUED DURING THE PAST TEN YEARS

The only shares of the Company that have been issued during the past ten years are the 100,000 common shares referred to in the Prospectus.

5.

VOTING RIGHTS

The Class A shares may be issued only as stock dividends on the Class B participating shares and are redeemable at the option of the Company at any time at the amount paid up thereon together with all declared and unpaid dividends. Holders of the Class A shares are entitled to non-cumulative cash dividends at the rate of 3% per annum on the amount paid up thereon as and when declared by the board of directors of the Company and, in the event of liquidation, dissolution or winding up of the Company, are entitled to receive the amount paid up thereon and all declared and unpaid dividends in priority to any distribution to the holders of Class B shares and the common shares of the Company.

Each Class B share and common share carries one vote at all meetings of shareholders of the Company. The holders of the Class B shares and the common shares are entitled to participate equally share for share in any dividends to be paid on such shares provided that a stock dividend may be declared on the Class B shares, payable in Class A shares, in which event a cash dividend shall at the same time be declared on the common shares in an amount per share equal to the sum of (a) the total par value of Class A shares to be issued as such stock dividend, (b) the total tax paid or payable under the Income Tax Act (Canada) to create the tax-paid undistributed income to be capitalized in connection with the payment of such stock dividend, and (c) the total amount of any cash dividend declared payable at the same time on the Class B shares, divided by the number of Class B shares then outstanding. The Class B shares may at any time at the option of the holder be converted into common shares on the basis of one common share for each Class B share so converted.

Save as aforesaid, the Class B shares and the common shares have and enjoy the same rights and attributes, including the same rights to subscribe for any shares or other securities of the Company offered to the holders thereof. In the event of liquidation, dissolution or winding up of the Company the holders of the Class B shares and the common shares are entitled to participate equally share for share. The Class B shares and the common shares may not be subdivided, consolidated or reclassified unless each such class is subdivided, consolidated or reclassified in the same proportion and in the same manner.

6.

DIVIDEND RECORD

No dividends have been paid by the Company to date.

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.



New and Secondary Issues

Automotive Hardware Limited

(Incorporated under the laws of Ontario)

\$3,000,000

6% Convertible Debentures Series A

To be dated July 2, 1969

and

To mature July 2, 1989

300,000 Common Shares

(without par value)

The Series A Debentures will not be redeemable prior to July 3, 1974. Further particulars of redemption and particulars of the sinking fund which commences on July 2, 1980 are set out on pages 6 and 7.

Conversion Privilege

The Series A Debentures will be convertible at the holder's option at any time up to the close of business on July 2, 1979 or, if called for redemption, on the last business day preceding the date fixed for redemption, whichever is earlier, into common shares of the Company at a conversion rate of 70 common shares per \$1,000 principal amount of Series A Debentures, being equivalent to a conversion price of \$14.29 per share. Further particulars concerning the conversion privilege are set out on page 6.

There is no market for the shares of the Company. Of the 300,000 common shares offered by this prospectus, 100,000 shares are being sold by the Company and 200,000 shares are being sold by the Selling Shareholder referred to under "Principal and Selling Shareholder" on page 10. The Company will receive no part of the proceeds from the sale of such shares by the Selling Shareholder. For shareholders' equity per share after this financing reference is made to "Asset Coverage and Shareholders' Equity" on page 11.

Application has been made to list the common shares on The Toronto Stock Exchange. Acceptance of the listing will be subject to the filing of required documents and evidence of satisfactory distribution, both within 90 days.

In the opinion of counsel, these Series A Debentures and common shares will be investments in which the Canadian and British Insurance Companies Act states that a company registered under Part III thereof may, without availing itself for that purpose of the provisions of subsection (4) of Section 63 of said Act, invest its funds.

We, as principals, offer these securities subject to prior sale, if, as and when accepted by us and subject to the approval of all legal matters on behalf of the Company and the Selling Shareholder by Messrs. McCarthy & McCarthy, Toronto, their special counsel, and by Messrs. Mendelson, Beatty & Wood, Toronto, their solicitors, and on our behalf by Messrs. Tory, Tory, DesLauriers & Binnington, Toronto.

	Price to public	Underwriting discount	Proceeds to Company(1) (2)	Proceeds to Selling Shareholder(3)
Series A Debentures: Per Unit.....	100%	4%	96%	—
Total.....	\$3,000,000	\$120,000	\$2,880,000	—
Common Shares: Per Share.....	\$ 12.00	\$ 0.72	\$ 11.28	\$ 11.28
Total.....	\$3,600,000	\$216,000	\$1,128,000	\$2,256,000
Aggregate Total.....	\$6,600,000	\$336,000	\$4,008,000	\$2,256,000

(1) Plus accrued interest on the Series A Debentures from July 2, 1969 to the date of delivery.

(2) Before deducting the Company's share of expenses of the issue estimated at \$52,500.

(3) Before deducting the Selling Shareholder's share of expenses of the issue estimated at \$17,500.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that debentures and share certificates in definitive form will be available for delivery on or about July 2, 1969.

Table of Contents

	<u>Page</u>
The Company.....	3
Capitalization.....	3
Use of Proceeds.....	4
Business of the Company.....	4
Products.....	4
Marketing.....	5
Plant and Equipment.....	5
Management and Employees.....	5
Outlook.....	5
Capital Expenditures.....	6
Details of the Offering.....	6
Description of Series A Debentures.....	6
Description of Shares.....	9
Directors and Officers.....	9
Remuneration of Directors and Senior Officers.....	10
Principal and Selling Shareholder.....	10
Options to Purchase Common Shares.....	10
Interest Requirements.....	10
Asset Coverage and Shareholders' Equity.....	11
Plan of Distribution.....	11
Interest of Management in Material Transactions.....	11
Auditors, Transfer Agent and Registrar.....	11
Financial Statements.....	12
Auditors' Reports.....	16
Purchaser's Statutory Rights of Withdrawal and Rescission.....	17
Certificates.....	18

The Company

Automotive Hardware Limited (the "Company") was incorporated under the laws of Ontario by letters patent dated December 2, 1944. By supplementary letters patent dated April 28, 1969 the Company was converted from a private to a public company and its capital was changed to its present form. The head office and plant of the Company are located at 55 Brown's Line, Toronto, Ontario. The Company is one of the largest manufacturers and distributors of metal fastening products in Canada.

In this prospectus Automotive Hardware Limited is referred to as the "Company" and together with its subsidiaries, Automatic Screw Machine Products Limited, Federal Bolt & Nut Corporation Limited, and Docap Manufacturing Company Limited, is referred to as "Automotive Hardware".

Capitalization

	Authorized and to be authorized	Outstanding December 31, 1968	Outstanding March 31, 1969	To be out- standing upon completion of this financing
INDEBTEDNESS:				
Automotive Hardware Limited:				
Bank indebtedness (1)	—	\$2,966,000	\$2,821,000	\$1,471,000
6% Convertible Debentures Series A due July 2, 1989 (this issue) (2) .	\$3,000,000	—	—	\$3,000,000
Subsidiary Companies:				
6 $\frac{7}{8}$ % First Mortgage due January 1, 1986 (3)	\$1,100,000	\$1,013,678	\$1,005,663	\$1,005,663
Lien balances on machinery	—	\$ 621,090	\$ 579,192	\$ 579,192
MINORITY INTEREST IN SUBSIDIARY COMPANY:				
Preference shares (4)	—	\$ 4,750	\$ 4,750	\$ 4,750
Common shares and retained earnings	—	\$ 26,950	\$ 26,950	\$ 26,950
SHARE CAPITAL: (5)				
Class A non-cumulative non- voting redeemable shares with a par value of \$1 each	5,000,000 shs.	—	—	—
Class B participating shares without par value	1,000,000 shs.	600,000 shs. (\$11,273)	600,000 shs. (\$11,273)	600,000 shs. (\$11,273)
Common shares without par value (6)	3,000,000 shs.	200,000 shs. (\$3,757)	200,000 shs. (\$3,757)	300,000 shs. (\$1,131,757)

NOTES: (1) Bank indebtedness, which is the combined indebtedness of the Company and its subsidiaries, is collaterally secured by the pledge to the Company's bankers of a 7 $\frac{1}{2}$ % Demand Debenture in the amount of \$3,000,000. This debenture is secured by a first floating charge on the undertaking, property and assets of the Company and the payment thereof is guaranteed by two subsidiary companies which have mortgaged their assets as security for their guarantees. As indicated under "Use of Proceeds" on page 4, \$1,350,000 of the proceeds of the present financing will be used to reduce bank indebtedness. Upon payment of this amount the foregoing debenture and guarantees will be discharged and released and the bank's security will be limited to assignments of accounts receivable and security given under Section 88 of the Bank Act.

(2) Additional Debentures without limitation as to aggregate principal amount may be issued subject to the restrictions to be contained in the Trust Indenture.

(3) This mortgage was granted by Automatic Screw Machine Products Limited and payment is guaranteed by the Company and Federal Bolt & Nut Corporation Limited.

(4) Additional preference shares of subsidiary companies having an aggregate par value of \$19,340 outstanding at December 31, 1968 and March 31, 1969 were redeemed on April 28, 1969 and are not reflected in this statement.

(5) This table gives effect to the issue of supplementary letters patent dated April 28, 1969 cancelling unissued shares, reclassifying the issued common shares of the Company and increasing authorized capital. The Class A shares may only be issued in payment of stock dividends on Class B shares. The Class B shares and the common

shares are equal in all respects except that the Class B shares are entitled to receive dividends in the form of Class A shares and are convertible into common shares on a one for one basis. Before the issue of such supplementary letters patent, the authorized capital of the Company consisted of 1,000 non-voting preference shares of \$10 each and 3,000 common shares of \$10 each ("old common shares"), of which all of the said preference shares and 1,503 of the old common shares were outstanding on December 31, 1968 and March 31, 1969. The said preference shares were redeemed and cancelled on April 28, 1969. The old common shares were originally issued for a consideration of \$15,030. In addition to this paid up share capital, the Company at December 31 1968 had combined retained earnings and contributed surplus amounting to \$4,622,864.

- (6) 210,000 common shares have been reserved to meet the conversion privilege to be attached to the Series A Debentures and a further 45,000 common shares have been reserved for allotment under the Company's employee stock option plan.
- (7) Reference is made to Note 13 to the financial statements for details of long-term lease commitments.

Use of Proceeds

The estimated net proceeds to the Company from the sale of the Series A Debentures and the 100,000 common shares being issued by the Company will amount to \$3,955,500 after deducting the Company's share of the expenses of the offering estimated at \$52,500. Of the estimated net proceeds, \$1,350,000 will be used to reduce the Company's indebtedness to its bankers and approximately \$475,000 will be used to repay shareholders' loans including accrued interest thereon. The balance of \$2,130,500 will be added to working capital and together with funds generated from operations will be available for capital expenditures planned for 1969, as referred to under "Capital Expenditures" on page 6. Until such time as amounts are required for the said capital expenditures, such balance shall either be applied to further reduce temporarily the Company's indebtedness to its bankers or be invested in short-term promissory notes issued by prime borrowers. Of the Company's indebtedness to its bankers, approximately \$1,200,000 was incurred in respect of payments made during the past two years on account of capital expenditures.

No part of the proceeds of the 200,000 common shares purchased from Mr. Irwin Goldhart (the "Selling Shareholder") will be received by the Company.

Business of the Company

In 1944 the Company acquired the metal fastener distribution business of Mr. Irwin Goldhart who had been distributing bolts, nuts and screws since 1941. In 1945 Automatic Screw Machine Products Limited, now a wholly-owned subsidiary of the Company, was incorporated by Mr. Goldhart to manufacture a wide range of screws and fittings. In 1959, Federal Bolt & Nut Corporation Limited, now a wholly-owned subsidiary, was incorporated by Mr. Goldhart to engage in the business of manufacturing bolts and nuts. In 1965 the Company acquired a 75% participating interest in Docap Manufacturing Company Limited, which distributes automotive products to jobbers.

The growth of the business of Automotive Hardware is reflected in plant expansion from 10,000 square feet in 1944 to 200,000 square feet at the present time of which 51,000 square feet of manufacturing space has been added in the past three years. Upon completion of capital expenditures planned for 1969, plant space will total 250,000 square feet.

Products

Automotive Hardware markets approximately 22,000 different metal fasteners, fittings and other metal products manufactured by itself and others. Approximately 60% of total sales are of products manufactured by Automotive Hardware. Sales are made to a widely diverse group of industries and companies, with no single customer accounting for more than 5% of sales. This results in a consistency and stability of sales volume and serves to minimize the effect of fluctuating demands in particular industries.

The principal products manufactured by Automotive Hardware are ferrous and non-ferrous standard fasteners, including bolts, nuts and related products. Bolts in various lengths are produced in diameters ranging from ¼ inch to 1½ inch and nuts are produced in diameters ranging from ¼ inch to 1 inch. Metal fasteners are produced for use in a wide range of industries including oil and gas, pulp and paper, mining, electrical, automotive, agricultural and general manufacturing. High tensile structural bolt assemblies (bolts, nuts and washers) are produced for use in the construction industry, primarily for steel erection, and were used, for example, exclusively in the construction of the Toronto Dominion Bank Tower and extensively in the Royal Trust Tower in the Toronto-Dominion Centre, in the Steel Pavilion and a number of other buildings at EXPO 67 and are currently being used exclusively in the construction of the Papineau Bridge at Montreal.

Automotive Hardware also produces a wide range of standard and custom-designed fittings made of brass, mild steel, alloy steel and other non-ferrous metals for various uses in the manufacture of products for the oil and gas, automotive and lighting industries.

A variety of other metal products are manufactured including socket set screws, socket cap screws, continuous threaded rods, studs and tire pumps.

Automotive Hardware is also a distributor of automobile accessories, wire and cable products, and exhaust system components to the automotive after-market.

Marketing

Sales are made to over 2,000 customers who are serviced by a sales force of 25 representatives across Canada, of whom 17 are employed directly by Automotive Hardware. Branch warehouses ranging in size from 7,500 square feet to 26,000 square feet are leased by Automotive Hardware in Vancouver, Edmonton, Calgary, Winnipeg, Toronto and Montreal. Shipments from the Toronto plant are made by rail in carload lots to Vancouver and Montreal and by full truckload to Edmonton, Calgary and Winnipeg.

Automotive Hardware carries a complete stock of its extensive product lines, enabling it to make prompt delivery of customer requirements ordered from its current catalogues.

About 50% of domestic sales are made to original equipment manufacturers and the balance to wholesale distributors and jobbers. Export sales are made to countries throughout the world and account for about 10% of total sales.

Plant and Equipment

Automotive Hardware owns and occupies an attractive and modern building of approximately 200,000 square feet in Metropolitan Toronto. The building, which was completed at the end of 1963, consists of 186,000 square feet of plant space and 14,000 square feet of air-conditioned office space. Designed to take advantage of modern automated operating techniques with ceiling heights of 18 feet and over, the building occupies about 6 acres on an 18.38 acre lot and is constructed in such a manner as to permit eventual expansion to 600,000 square feet without sacrificing the ample shipping and parking facilities.

Automotive Hardware utilizes some of the most up-to-date machinery in the industry, including some machines which were specially designed through the joint efforts of Automotive Hardware and the machinery manufacturers. Ten automatic boltmakers are used including a 1-inch, five station, four-die boltmaker which is one of the largest of its kind in existence. This \$700,000 machine produces from coiled steel rod at a rate of 40 per minute a completely finished bolt, including thread, point and finished head, ready for heat treatment. In 20 minutes, this machine produces eight hundred 1 x 10 inch bolts from one ton of steel. Other manufacturing equipment owned by Automotive Hardware includes nine nut formers, two hot forging machines, about 30 nut tappers, single and multi-spindle automatic screw machines, turret lathes and three automatic heat treat furnaces, one of which has a continuous capacity of 2,000 pounds per hour.

With a general trend in the industry towards packaging of metal fasteners, the Company has developed packaging techniques and appropriate materials handling methods.

Management and Employees

Over the years Automotive Hardware has developed a management team having broadly diversified skills. The average age of the ten most senior executives is 48½. The same ten officers and employees have an average length of service with Automotive Hardware of 14 years.

Automotive Hardware employs about 500 people of whom approximately 380 work in the main plant at Toronto. The balance are administrative, sales and warehouse personnel. Employee relations are considered satisfactory.

Outlook

Automotive Hardware is currently exploring a number of methods to strengthen its competitive position through increased sales representation in selected areas, additional warehouse facilities and new cataloguing and packaging systems.

The Company intends to expand its manufacture of fasteners from exotic metals such as titanium, silicon bronze and stainless and alloy steel. In co-operation with a number of customers who are equipment manufacturers, Automotive Hardware has produced tooling and special fastener samples to increase its participation in this market. Additional machinery purchased in late 1968 and early 1969 will add variety to the bolt line and increase sales potential.

United States and overseas export sales have grown steadily in recent years. Automotive Hardware's expanding productive capacity, combined with favourable raw material costs, is expected to result in continued expansion of this area of its business.

Capital Expenditures

The growth in sales of products manufactured by Automotive Hardware has necessitated substantial expenditures from time to time for machinery and plant. Capital expenditures during the past five years aggregated \$2,819,745 as follows: 1964—\$488,311; 1965—\$594,327; 1966—\$316,993; 1967—\$963,664; 1968—\$456,450.

Capital expenditures planned for 1969 are estimated as follows: \$900,000 for machinery and equipment, \$200,000 for a fourth heat treat furnace, and \$400,000 for a 50,000 square foot addition to the Toronto plant.

Details of the Offering

Description of Series A Debentures

The 6% Convertible Debentures Series A due July 2, 1989 (the "Series A Debentures") will be the first series of debentures (the "Debentures") to be issued under a trust indenture to be dated as of July 2, 1969 (the "Trust Indenture") and to be made between the Company and National Trust Company, Limited, as trustee. A summary of the material attributes and characteristics of the Series A Debentures, which does not purport to be complete and is qualified in its entirety by reference to the Trust Indenture, is set out below.

The Series A Debentures will be direct obligations of the Company and will be secured under the Trust Indenture by a first floating charge under the laws of the Province of Ontario on all the undertaking, property and assets (including shares of subsidiaries) of the Company in the said Province whether now owned or hereafter acquired. Additional Debentures secured equally and rateably with the Series A Debentures may be issued under the Trust Indenture, without limitation as to aggregate principal amount, subject to the provisions to be contained in the Trust Indenture including the restrictions referred to under "Covenants" on page 7.

The principal of, and half-yearly interest (January 2 and July 2) and redemption premium, if any, on, the Series A Debentures will be payable in lawful money of Canada at any branch in Canada of the Company's bankers at the holder's option. Series A Debentures will be available as coupon debentures registrable as to principal only in the denomination of \$1,000 and as fully registered debentures in denominations of \$1,000 and multiples thereof.

Conversion Privilege

Each Series A Debenture will be convertible at the holder's option at any time up to the close of business on July 2, 1979 or, if called for redemption, on the business day immediately preceding the date fixed for redemption of such Series A Debenture, whichever is earlier, into fully-paid and non-assessable common shares without par value in the capital of the Company as presently constituted (without adjustment for interest accrued on such Series A Debenture or for dividends on common shares issuable upon conversion) at a conversion rate of 70 common shares per \$1,000 principal amount of Series A Debentures, being equivalent to a conversion price of \$14.29 per share.

The Trust Indenture will contain provisions to the effect that, in the event of (a) any reduction in the number of common shares outstanding due to consolidation thereof or (b) any increase in the number of common shares outstanding due to subdivision thereof, a proportionate adjustment shall be made in the number of common shares issuable upon conversion of the Series A Debentures. The Trust Indenture will also contain other provisions designed to protect the conversion privilege against dilution.

Redemption

The Series A Debentures will not be redeemable on or before July 2, 1974 but will be redeemable after that date and prior to maturity in whole at any time or in part from time to time, at the option of

the Company, on not less than 30 days' notice, for other than sinking fund purposes, at prices equal to the following percentages of the principal amount thereof, together in each case with accrued and unpaid interest to the date fixed for redemption:

<u>If redeemed in the 12 months ending July 2</u>	<u>Percentage</u>	<u>If redeemed in the 12 months ending July 2</u>	<u>Percentage</u>	<u>If redeemed in the 12 months ending July 2</u>	<u>Percentage</u>
1975	103.90	1980	102.40	1985	100.90
1976	103.60	1981	102.10	1986	100.60
1977	103.30	1982	101.80	1987	100.30
1978	103.00	1983	101.50	1988	100.00
1979	102.70	1984	101.20	1989	100.00

The Company will have the right to purchase Series A Debentures in the market or by tender or private contract at prices not exceeding 106% of the principal amount thereof if purchased on or before July 2, 1974 and thereafter at prices not exceeding the foregoing percentages of the principal amount thereof together with accrued and unpaid interest and costs of purchase.

Sinking Fund

The Company will covenant in the Trust Indenture to pay to the Trustee, as and by way of a sinking fund for the Series A Debentures, in each of the years 1980 to 1988 inclusive, sums sufficient to retire on July 2 in each of such years 10% of the aggregate principal amount of Series A Debentures outstanding on July 3, 1979.

The Series A Debentures will be redeemable out of sinking fund moneys at the principal amount thereof plus accrued and unpaid interest to the date fixed for redemption. Series A Debentures redeemed (for other than sinking fund purposes) or purchased by the Company after July 2, 1979 shall establish a sinking fund credit which may be applied to the satisfaction in whole or in part of future sinking fund obligations.

Covenants

The Trust Indenture will contain covenants, which should be read in conjunction with the definitions on page 8, to the effect that so long as any Series A Debentures remain outstanding:

- (1) neither the Company nor any designated subsidiary will create or permit to exist any security on any of its assets to secure any obligations unless at the same time it shall secure equally and rateably with such obligations the outstanding Series A Debentures; provided that this covenant will not apply, among others, to the following: the existing first mortgage on the Toronto plant held by The Great-West Life Assurance Company; security on the assets of a designated subsidiary in existence when it became a designated subsidiary of the Company, or required to be given by such designated subsidiary pursuant to security instruments existing at such time; purchase money mortgages; renewals, extensions and refundings of the foregoing; or security (except on fixed assets and shares and indebtedness of subsidiaries) given in the ordinary course of business to any bank or banks or others to secure current indebtedness;
- (2) the Company will not issue or become liable in respect of any funded obligations, other than purchase money mortgages, unless after giving effect thereto: (i) the consolidated net tangible assets of the Company and its designated subsidiaries are at least equal to 2.5 times the principal amount of all consolidated funded obligations of the Company and its designated subsidiaries to be outstanding; and (ii) the average annual consolidated net earnings of the Company and its designated subsidiaries (after depreciation but before interest on funded obligations and taxes on income) for the two preceding fiscal years shall have been at least equal to 4 times the sum of the aggregate annual interest requirements of all consolidated funded obligations of the Company and its designated subsidiaries to be outstanding;
- (3) the Company will not declare or pay any dividends or redeem, reduce, purchase or otherwise retire any of its shares unless after giving effect thereto the aggregate amount applied for such purposes subsequent to December 31, 1968 will not be more than the total of: (i) the consolidated net income of the Company and its designated subsidiaries earned subsequent to December 31, 1968; (ii) the aggregate net cash proceeds received by the Company after July 2, 1969 on the issue of any shares of its capital other than shares issued on the conversion of the Series A Deben-

tures; and (iii) \$300,000. This covenant will not operate to prevent the Company from paying fixed cumulative dividends on or satisfying mandatory retirement provisions in respect of any preference shares which may hereafter be issued by the Company;

- (4) the Company will not permit any designated subsidiary to issue or become liable upon any funded obligations or to issue any shares of its capital stock, and the Company will not sell or otherwise dispose of any shares or funded obligations of any designated subsidiary or permit any designated subsidiary to sell or otherwise dispose of any shares or funded obligations of any other designated subsidiary; provided that this covenant will not operate to prevent (i) certain transactions between the Company and designated subsidiaries or between designated subsidiaries, (ii) the issue of purchase money mortgages by designated subsidiaries, (iii) renewals, extensions and refundings of the foregoing and of funded obligations existing at the time a subsidiary became a designated subsidiary, (iv) the sale or other disposition, subject to certain conditions, of all shares and funded obligations of any designated subsidiary owned by the Company and/or its other designated subsidiaries, or (v) the issue and sale of shares of a designated subsidiary pursuant to a pro rata offering to its shareholders;
- (5) the Company will not, nor will it permit any designated subsidiary to, sell or otherwise dispose of all or substantially all of its assets; provided that this covenant will not operate to prevent: (i) certain transactions between the Company and designated subsidiaries or between designated subsidiaries; (ii) the sale or other disposal of all or substantially all of the assets of a designated subsidiary for their fair value; or (iii) the amalgamation of the Company with another corporation or the transfer of its undertaking and assets as an entirety to another corporation in the manner and subject to the conditions to be set forth in the Trust Indenture; and
- (6) the Company will not, nor will it permit any designated subsidiary to, enter into any sale and leaseback arrangements with respect to any real or immovable property of the Company or any designated subsidiary, unless the Company deposits with the trustee an amount in cash equal to the greater of the gross proceeds received and receivable from such sale or the fair value of the property sold which amount shall be applied by the trustee to the purchase or redemption of Debentures then outstanding (on a pro rata basis as between different series), any such redemption to be made at the earliest date on which the Debentures of each series may be redeemed at the option of the Company; the Company will have the right, subject to the provisions of the Trust Indenture, to credit against the amount of any such deposit the principal amount of Debentures theretofore purchased or redeemed by the Company for other than sinking fund purposes and not used as a sinking fund credit.

Definitions

The Trust Indenture will contain, among others, definitions to the following effect: "subsidiary" will mean any corporation of which the Company owns directly or indirectly more than 50% of the outstanding voting shares; "designated subsidiary" will mean Federal Bolt & Nut Corporation Limited, Automatic Screw Machine Products Limited and Docap Manufacturing Company Limited, in each case, so long as it remains a subsidiary and any other subsidiary which the directors of the Company shall irrevocably determine to be a designated subsidiary and which, at the date of such determination, has no outstanding funded obligations except as provided in the Trust Indenture; "purchase money mortgage" will mean a mortgage, charge or encumbrance on property purchased to secure not more than 90% of the purchase price of such property; and "funded obligations" will mean any indebtedness which matures by its terms on, or which is renewable at the option of the debtor to, a date more than 12 months after the date such indebtedness is incurred.

Modifications

The Trust Indenture will provide that the rights of a debenture holder may be modified. For that purpose, among others, the Trust Indenture will contain provisions for the holding of meetings of debenture holders and for rendering resolutions passed at such meetings by the votes of the holders of 66 $\frac{2}{3}$ % of the Debentures represented and voted at such meetings and instruments in writing signed by the holders of 66 $\frac{2}{3}$ % of the debentures binding upon all debenture holders.

Description of Shares

The authorized capital of the Company consists of 5,000,000 Class A non-cumulative non-voting redeemable shares with a par value of \$1 each, 1,000,000 Class B participating shares without par value and 3,000,000 common shares without par value.

Class A Shares

The Class A shares may be issued only as stock dividends on the Class B participating shares and are redeemable at the option of the Company at any time at the amount paid up thereon together with all declared and unpaid dividends. Holders of the Class A shares are entitled to non-cumulative cash dividends at the rate of 3% per annum on the amount paid up thereon as and when declared by the board of directors of the Company and, in the event of liquidation, dissolution or winding up of the Company, are entitled to receive the amount paid up thereon and all declared and unpaid dividends in priority to any distribution to the holders of Class B shares and the common shares of the Company.

Class B Shares and Common Shares

Each Class B share and common share carries one vote at all meetings of shareholders of the Company. The holders of the Class B shares and the common shares are entitled to participate equally share for share in any dividends to be paid on such shares provided that a stock dividend may be declared on the Class B shares, payable in Class A shares, in which event a cash dividend shall at the same time be declared on the common shares in an amount per share equal to the sum of (a) the total par value of Class A shares to be issued as such stock dividend, (b) the total tax paid or payable under the Income Tax Act (Canada) to create the tax-paid undistributed income to be capitalized in connection with the payment of such stock dividend, and (c) the total amount of any cash dividend declared payable at the same time on the Class B shares, divided by the number of Class B shares then outstanding. The Class B shares may at any time at the option of the holder be converted into common shares on the basis of one common share for each Class B share so converted.

Save as aforesaid, the Class B shares and the common shares have and enjoy the same rights and attributes, including the same rights to subscribe for any shares or other securities of the Company offered to the holders thereof. In the event of the liquidation, dissolution or winding up of the Company the holders of the Class B shares and the common shares are entitled to participate equally share for share. The Class B shares and the common shares may not be subdivided, consolidated or reclassified unless each such class is subdivided, consolidated or reclassified in the same proportion and in the same manner.

Directors and Officers

The names and home addresses in full of the directors and officers of the Company, the positions and offices held by each and the principal occupation of each are as follows:

<u>Name and address</u>	<u>Office</u>	<u>Principal occupation</u>
IRWIN GOLDHART.....	President.....	President,
2184 Oneida Crescent,	Director	Automotive Hardware
Mississauga, Ontario		Limited
HARRY LOUIS MENDELSON, Q.C.,.....	Vice-President.....	Senior Partner,
R.R. 1.,	Director	Mendelson, Beatty &
Maple, Ontario		Wood,
		Barristers and Solicitors
GOLDIE POTASHIN	Secretary-Treasurer.....	Secretary-Treasurer,
120 Shelborne Avenue,	Director	Automotive Hardware
Toronto, Ontario		Limited
FRANCES ALEXANDER REID, B.A.Sc.....	Vice-President.....	Vice-President,
199 Donessle Drive,	Director	Automotive Hardware
Oakville, Ontario		Limited
SIDNEY GOLDHART.....	Director.....	Vice-President,
227 Homewood Avenue,		Docap Manufacturing
Willowdale, Ontario		Company Limited
ROSS MALCOLM HANBURY.....	Director.....	Director,
74 Clarendon Avenue,		Wood Gundy
Toronto, Ontario		Securities Limited

During the last five years all of the directors and officers of the Company have been associated in various capacities with the companies or firms indicated opposite their names.

Remuneration of Directors and Senior Officers

The aggregate direct remuneration paid or payable by the Company and its subsidiaries to the directors and senior officers of the Company during the last financial year of the Company ended December 31, 1968 was \$277,434 and for the four months ended April 30, 1969 was \$78,567.

The aggregate cost to the Company and its subsidiaries in the year ended December 31, 1968 of all pension benefits proposed to be paid to the directors and senior officers of the Company in the event of retirement at normal retirement age was \$10,040.

Principal and Selling Shareholder

As of the date hereof, all the outstanding 600,000 Class B shares and 200,000 common shares of the Company are owned beneficially by Mr. Irwin Goldhart whose address is 2184 Oneida Crescent, Mississauga, Ontario. After giving effect to the present offering and before conversion of the Series A Debentures, Mr. Goldhart will own beneficially and of record 600,000 Class B shares, being 100% of the shares of that class outstanding and representing 66⅔% of the outstanding voting shares of the Company. If all of the Series A Debentures are converted Mr. Goldhart will own beneficially 54% of the outstanding voting shares of the Company.

Options to Purchase Common Shares

The Company has established an employee stock option plan pursuant to which options to purchase 45,000 common shares of the Company are reserved for issuance upon the exercise of stock options granted to bona fide full-time officers and employees of the Company and its subsidiaries, excluding Mr. Irwin Goldhart. The directors under the plan have authorized the granting to 17 employees of the Company and its subsidiaries of options to purchase 31,000 common shares. All of the said options are to be exercisable at \$11.28 per share, are to expire on June 10, 1974 and are to be exercisable on a cumulative basis as to 20% thereof by each employee during the five 12 month periods following the authorization thereof, with the qualification that no option may be exercised prior to the end of nine months following the authorization thereof. The options provide for their earlier termination in the event that the employment of the person to whom the option is granted ceases prior to the expiry date of the option. The persons to whom the granting of the said options has been authorized include four directors and senior officers of the Company who will receive options to purchase 10,000 shares, two senior officers of subsidiaries who will receive options to purchase 5,000 shares and 11 other employees of the Company who will receive options to purchase 16,000 shares. At the date of the authorization of such options the shares of the Company were not traded in the market, however, the price at which such options may be exercised is the same as the price being paid by the underwriter for the common shares offered by this prospectus. Options to purchase the remaining 14,000 common shares set aside under the plan may be granted at prices not less than \$11.28 per share prior to the listing of the Company's common shares on The Toronto Stock Exchange and thereafter at prices not less than 90% of the last sale price of such shares on The Toronto Stock Exchange on the day immediately preceding that on which such options are granted.

Interest Requirements

The maximum annual interest requirements of all long-term debt of the Company and its subsidiaries to be outstanding after giving effect to the present financing will amount to approximately \$295,000 per annum. Earnings of the Company and its subsidiaries available for payment of interest on long-term debt before provision for income taxes averaged \$919,680 for the five years ended December 31, 1968 and amounted to \$1,325,626 for the year then ended, which latter figure is 4.5 times such maximum annual interest requirements.

Asset Coverage and Shareholders' Equity

The accompanying pro forma consolidated balance sheet as at December 31, 1968 indicates net tangible assets as follows:

Investment in fixed assets.....	\$ 6,885,831
Less accumulated depreciation.....	<u>2,549,690</u>
Net investment in fixed assets.....	4,336,141
Current assets less current liabilities (other than current portion of long-term debt).....	6,651,410
Mortgage receivable.....	<u>145,449</u>
	11,133,000
Less minority interest.....	<u>31,700</u>
Pro forma consolidated net tangible assets.....	<u>\$11,101,300</u>

The foregoing pro forma consolidated net tangible assets are equivalent to \$2,395 for each \$1,000 of the \$4,634,768 principal amount of long-term debt of the Company and its designated subsidiaries to be outstanding.

After giving effect to the issue of the 100,000 common shares being sold by the Company, shareholders' equity according to the accompanying pro forma consolidated balance sheet as at December 31, 1968 would be \$5,713,394, being equivalent to \$6.35 per Class B and common share.

Plan of Distribution

Under an agreement dated June 11, 1969 with Wood Gundy Securities Limited, as underwriter, the Company agreed to sell and the underwriter agreed to purchase the \$3,000,000 principal amount of 6% Convertible Debentures Series A and 100,000 of the 300,000 common shares offered by this prospectus at an aggregate price of \$4,008,000 plus accrued interest on the Series A Debentures from July 2, 1969 to the date of delivery, payable in cash on delivery. Under an agreement dated June 11, 1969 between Mr. Irwin Goldhart and Wood Gundy Securities Limited, Mr. Goldhart agreed to sell, and the underwriter agreed to purchase 200,000 of the 300,000 common shares of the Company offered by this prospectus for an aggregate consideration of \$2,256,000 payable in cash against delivery of certificates for such shares on or about July 2, 1969. Each of the agreements provides that the obligations of the underwriter are subject to certain conditions precedent and that the underwriter is obligated to take up and pay for all securities offered by this prospectus if any of such securities are purchased.

Copies of the above-mentioned underwriting agreements, the share purchase agreement referred to under "Interest of Management in Material Transactions" below, and of the Trust Indenture when entered into, may be examined during normal business hours at the head office of the Company during primary distribution of the securities offered by this prospectus and for a period of 30 days thereafter.

Interest of Management in Material Transactions

On April 28, 1969 Mr. Irwin Goldhart, who owns all of the outstanding shares of the Company, sold to the Company all the outstanding shares of Automatic Screw Machine Products Limited for \$800 and all the outstanding shares of Federal Bolt & Nut Corporation Limited for \$100.

Mr. Goldhart is presently constructing in Vancouver a 23,800 square foot warehouse with rail facilities. It is the intention of the Company to lease the said warehouse from Mr. Goldhart for a term of 10 years on a net rental basis sufficient to cover Mr. Goldhart's carrying charges, which rental will not be in excess of prevailing rates for comparable space. It is anticipated that construction will be completed and that this warehouse will be occupied by the Company in the early summer of 1969.

Auditors, Transfer Agent and Registrar

The auditors of the Company are Messrs. Miller, Stone, Saperia and Isaacs, 11 Adelaide Street West, Toronto, Ontario.

The registers for the Series A Debentures will be kept at the principal offices of National Trust Company, Limited in Montreal, Toronto, Winnipeg, Calgary and Vancouver.

The transfer agent and registrar for the common shares of the Company will be National Trust Company, Limited at its principal offices in Montreal, Toronto, Winnipeg, Calgary and Vancouver.

Automotive Hardware Limited
Combined Balance Sheet and Pro Forma Consolidated Balance Sheet
as at December 31, 1968

Assets	Combined Balance Sheet	Pro Forma Consolidated Balance Sheet
CURRENT ASSETS:		
Bank balances.....	\$ —	\$ 1,958,738
Accounts receivable (less allowances for doubtful accounts).....	1,769,945	1,769,945
Merchandise inventory, at lower of cost or replacement cost.....	5,931,032	5,931,032
Sales tax and duty drawback claims outstanding.....	296,216	296,216
Refundable tax deposits.....	29,017	29,017
Loans receivable.....	7,384	7,384
Prepaid expenses and deposits.....	49,577	49,577
Life insurance cash surrender value.....	9,143	9,143
	<u>8,092,314</u>	<u>10,051,052</u>
MORTGAGE RECEIVABLE (7%—1979).....	<u>145,449</u>	<u>145,449</u>
FIXED ASSETS (at cost):		
Land.....	281,809	281,809
Buildings.....	1,757,108	1,757,108
Machinery and equipment.....	4,552,838	4,552,838
Motor vehicles.....	106,869	106,869
Leasehold improvements.....	7,207	7,207
Dies and small tools (Note 5).....	180,000	180,000
	<u>6,885,831</u>	<u>6,885,831</u>
Less—accumulated depreciation (Note 5).....	2,549,690	2,549,690
	<u>4,336,141</u>	<u>4,336,141</u>
UNAMORTIZED DEBENTURE DISCOUNT.....	<u>—</u>	<u>120,000</u>
	<u>\$12,573,904</u>	<u>\$14,652,642</u>
Liabilities		
CURRENT LIABILITIES:		
Bank overdraft.....	\$ 172,465	\$ —
Bank loans (Note 6).....	2,966,000	1,616,000
Accounts payable and accrued liabilities.....	1,214,986	1,214,986
Taxes payable (Note 7).....	268,869	268,869
Payable to shareholders:		
Advances.....	455,642	—
Accrued interest.....	18,655	—
Accrued management salaries (Note 8).....	282,000	282,000
Other loans payable.....	17,787	17,787
Current portion of long-term debt.....	204,479	204,479
	<u>5,600,883</u>	<u>3,604,121</u>
LONG-TERM DEBT (Note 9).....	<u>1,430,289</u>	<u>4,430,289</u>
	<u>7,031,172</u>	<u>8,034,410</u>
DEFERRED INCOME TAXES (Note 10).....	<u>873,138</u>	<u>873,138</u>
MINORITY INTEREST.....	<u>31,700</u>	<u>31,700</u>
SHAREHOLDERS' EQUITY:		
Capital Stock (Note 11).....	15,030	1,143,030
Retained earnings.....	2,605,631	2,553,131
Contributed surplus (Note 12).....	2,017,233	2,017,233
	<u>4,637,894</u>	<u>5,713,394</u>
	<u>\$12,573,904</u>	<u>\$14,652,642</u>

Approved on behalf of the Board:

(Signed) IRWIN GOLDHART, Director

(Signed) GOLDIE POTASHIN, Director

The accompanying notes are an integral part of the financial statements.

Automotive Hardware Limited
Combined Statement of Earnings (Note 3)

	Year ended December 31				
	1964	1965	1966	1967	1968
Sales.....	\$ 8,876,735	\$10,367,256	\$12,258,360	\$11,889,729	\$12,145,037
Cost of goods sold and operating expenses exclusive of items shown below.....	8,089,031	9,392,923	11,015,222	10,302,329	10,405,224
	787,704	974,333	1,243,138	1,587,400	1,739,813
Depreciation (Note 5).....	275,886	311,568	330,830	401,517	414,187
Interest on long-term debt.....	85,185	95,120	104,361	108,237	107,485
	361,071	406,688	435,191	509,754	521,672
Earnings before income taxes.....	426,633	567,645	807,947	1,077,646	1,218,141
Income taxes payable.....	15,293	116,956	312,567	514,548	649,384
Income taxes—deferred (Note 10)...	202,323	184,666	105,376	24,422	(18,698)
	217,616	301,622	417,943	538,970	630,686
Net earnings for the year (before minority interest).....	209,017	266,023	390,004	538,676	587,455
Minority interest.....	(729)	(7,849)	(3,926)	5,993	6,350
Net earnings for the year (after minority interest).....	<u>\$ 209,746</u>	<u>\$ 273,872</u>	<u>\$ 393,930</u>	<u>\$ 532,683</u>	<u>\$ 581,105</u>

Pro Forma Consolidated Statement of Earnings (Note 14)

	Year ended December 31				
	1964	1965	1966	1967	1968
Net earnings.....	\$ 209,746	\$ 273,872	\$ 393,930	\$ 532,683	\$ 581,105
Pro forma adjustment					
Management salaries.....	2,000	2,000	42,000	115,334	80,000
Income taxes.....	(1,040)	(1,040)	(21,840)	(59,974)	(42,728)
Pro forma adjusted net earnings (after deferred tax provision)...	<u>\$ 210,706</u>	<u>\$ 274,832</u>	<u>\$ 414,090</u>	<u>\$ 588,043</u>	<u>\$ 618,377</u>

Combined Statement of Retained Earnings (Note 4)

	Year ended December 31				
	1964	1965	1966	1967	1968
Balance at beginning of year.....	\$ 2,637,805	\$ 2,873,559	\$ 3,147,431	\$ 3,541,361	\$ 4,077,794
Net earnings for the year (after minority interest).....	209,746	273,872	393,930	532,683	581,105
Gain on sale of land.....	26,008				
Sale of goodwill of division (after minority interest).....				3,750	
					<u>4,658,899</u>
Capital deductions:					
Loss re subsidiary (Note 3)....					25,512
Loans and incorporation fees written off.....					2,115
					<u>27,627</u>
					<u>4,631,272</u>
Less—Transfer to contributed surplus (Note 12).....					2,025,641
Balance at end of year.....	<u>\$ 2,873,559</u>	<u>\$ 3,147,431</u>	<u>\$ 3,541,361</u>	<u>\$ 4,077,794</u>	<u>\$ 2,605,631</u>

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

1. COMBINED BALANCE SHEET

The combined balance sheet (before financing) combines the accounts of Automotive Hardware Limited, Automatic Screw Machine Products Limited and Federal Bolt & Nut Corporation Limited (and its wholly-owned subsidiary, Brighton Screw Co. Inc.) which became wholly-owned subsidiaries after December 31, 1968 and Docap Manufacturing Company Limited which became a 75% controlled subsidiary after that date. The combined balance sheet gives effect to the following transactions as if they had occurred at December 31, 1968:

- (a) Automotive Hardware Limited redeemed its outstanding preference shares at par for \$10,000; Automatic Screw Machine Products Limited redeemed its outstanding preference shares at par for \$18,740; Federal Bolt & Nut Corporation Limited redeemed its outstanding preference shares at par for \$100; and Docap Manufacturing Company Limited redeemed its outstanding voting second preference shares at par for \$500; and
- (b) Automotive Hardware Limited purchased from I. Goldhart the outstanding common shares of Automatic Screw Machine Products Limited for \$800 and the outstanding common shares of Federal Bolt & Nut Corporation Limited for \$100.

2. PRO FORMA CONSOLIDATED BALANCE SHEET

The pro forma consolidated balance sheet (after financing) gives effect at December 31, 1968 to the following transactions and proposed transactions:

- (a) the issue to Automotive Hardware Limited of supplementary letters patent dated April 28, 1969 converting the Company from a private to a public company, decreasing its authorized capital by cancelling 1,497 unissued common shares of \$10 each, reclassifying the 1,503 issued common shares of the Company into 600,000 issued Class B participating shares without par value and 200,000 issued common shares without par value, and increasing its authorized capital by the creation of (i) 5,000,000 Class A non-cumulative non-voting redeemable shares with a par value of \$1 each, (ii) an additional 400,000 Class B participating shares without par value and (iii) an additional 2,800,000 common shares without par value;
- (b) the issue and sale by the Company to Wood Gundy Securities Limited of 100,000 common shares for \$1,128,000 pursuant to an underwriting agreement dated June 11, 1969;
- (c) the issue and sale by the Company to Wood Gundy Securities Limited of \$3,000,000 6% Convertible Debentures Series A pursuant to the said underwriting agreement for \$2,880,000;
- (d) the payment of issue expenses estimated at \$52,500 and the charging of such sum to retained earnings;
- (e) the reduction of bank indebtedness by \$1,350,000; and
- (f) the repayment of shareholders' loans of \$455,642 and interest thereon of \$18,655.

3. COMBINED STATEMENT OF EARNINGS

This statement combines the earnings of Automotive Hardware Limited, Automatic Screw Machine Products Limited, Federal Bolt & Nut Corporation Limited and Docap Manufacturing Company Limited. All material inter-company transactions have been eliminated.

The operations of Brighton Screw Co. Inc., a wholly-owned subsidiary of Federal Bolt & Nut Corporation Limited, are not included because it is an inactive company in the process of being liquidated. This company's losses incurred during the four years and six months ended December 31, 1968 amounted to \$25,512 and are reflected as a reduction of combined retained earnings during 1968.

4. COMBINED STATEMENT OF RETAINED EARNINGS

This statement combines the retained earnings of Automotive Hardware Limited, Automatic Screw Machine Products Limited Federal Bolt & Nut Corporation Limited and Docap Manufacturing Company Limited. The balance at January 1, 1964 has been reduced by \$375,049, being the accumulated deferred income taxes as at that date (see also Note 10).

5. DEPRECIATION

Provision for depreciation in these statements has been computed as follows:

Automotive Hardware Limited—at maximum rates allowed by the Income Tax Act;

Automatic Screw Machine Products Limited—at maximum rates allowed by the Income Tax Act, except for Class 19 assets which were depreciated at normal rates allowed by the Income Tax Act rather than the 50% special rate;

Federal Bolt & Nut Corporation Limited—7½% annual straight line method. Tools and dies were expensed in the year of purchase, except for \$180,000 which was capitalized in a period prior to December 31, 1963;

Docap Manufacturing Company Limited—at maximum rates allowed by the Income Tax Act.

6. BANK LOANS

Bank loans are secured collaterally by a debenture containing a charge upon the assets of Automotive Hardware Limited, Automatic Screw Machine Products Limited and Federal Bolt & Nut Corporation Limited, as well as by assignments of accounts receivable. Bank loans of Docap Manufacturing Company Limited are secured by an assignment of accounts receivable. Of the proceeds of the issue by Automotive Hardware Limited of the 100,000 common shares and the 6% Convertible Debentures Series A, \$1,350,000 will be used to reduce the bank indebtedness. Upon such reduction the present debenture in favour of the bank will be released and discharged and the bank's security will be limited to assignments of accounts receivable and security given under Section 88 of the Bank Act.

7. TAXES PAYABLE

Earnings have been combined as if they constituted the taxable income of one corporation and income taxes, except in the case of Docap Manufacturing Company Limited, have been computed accordingly. Income taxes for Docap Manufacturing Company Limited have been computed on the basis of it being a separate corporation. Its earnings (losses) before income taxes and after minority interest for the years ended December 31 were as follows: 1964—(\$2,762); 1965—(\$30,582); 1966—(\$15,297) 1967—\$23,349; 1968—\$24,764.

8. ACCRUED MANAGEMENT SALARIES

The accrued management salaries are payable to Mr. I. Goldhart on demand.

9. LONG-TERM DEBT, NON-CURRENT

	Combined Balance Sheet	Pro Forma Consolidated Balance Sheet
Equipment contracts payable (secured).....	\$ 449,500	\$ 449,500
6 $\frac{7}{8}$ % Realty Mortgage due 1986.....	980,789	980,789
6% Convertible Debenture Series A due 1989.....	—	3,000,000
	<u>\$1,430,289</u>	<u>\$4,430,289</u>

10. DEFERRED INCOME TAXES

Deferred income taxes represent the aggregate tax savings from capital cost allowances claimed for income tax purposes in excess of recorded depreciation, as follows:

for years prior to 1964.....	\$ 375,049
for years 1964-1968 inclusive.....	498,089
	<u>\$ 873,138</u>

11. CAPITAL STOCK

Combined Balance Sheet—

Authorized:

3,000 common shares of \$10 each

Issued:

1,503 common shares of \$10 each..... \$ 15,030

Pro Forma Consolidated Balance Sheet—

Authorized:

5,000,000 Class A non-cumulative non-voting redeemable shares with
a par value of \$1 each.....

1,000,000 Class B participating shares without par value

3,000,000 common shares without par value

Issued:

600,000 Class B participating shares without par value..... \$ 11,273

300,000 common shares without par value..... 1,131,757

\$1,143,030

210,000 common shares have been reserved to meet the conversion privilege to be attached to the 6% Convertible Debentures Series A and a further 45,000 common shares have been reserved for issue on the exercise of stock options granted and to be granted under the Company's employee stock option plan. The granting under the plan of options to purchase 31,000 shares at \$11.28 per share has been authorized. Such options are exercisable as to 20% per annum and expire on June 10, 1974.

12. CONTRIBUTED SURPLUS

Upon giving effect to the acquisition by the Company of all of the remaining issued shares of Automatic Screw Machine Products Limited and Federal Bolt & Nut Corporation Limited, and giving effect to the redemption of the outstanding second preference shares of Docap Manufacturing Company Limited, the retained earnings of the aforementioned three subsidiaries (less the minority interest therein), totalling \$2,025,641, were transferred from retained earnings in the combined statement of retained earnings. \$2,017,233 shown on the balance sheets as contributed surplus was calculated by deducting from the aforementioned \$2,025,641, the sum of \$8,408, being an amount equal to the excess of the cost of shares of Docap Manufacturing Company Limited over par value.

13. LEASES

Automotive Hardware has the following long term lease commitments:

	Expense	
	1968	next 5 years
1. \$2,600 per month to April 30, 1971 and \$2,708.33 per month to April 30, 1976.....	\$31,200	\$159,467
2. \$920.25 per month to December 14, 1972.....	11,043	44,172
3. \$1,050 per month to April 30, 1971.....	12,600	29,400
4. \$625.83 per month to July 31, 1985.....	7,510	37,550
5. \$707.90 per month to November 30, 1976.....	8,495	42,475
6. \$905.78 per month to December 31, 1974.....	10,869*	54,345*

*(plus realty taxes, which were \$5,077 in 1968)

Note: During 1968, amounts paid for tax escalation clauses in the above leases totalled \$932.

14. REMUNERATION

The pro forma consolidated statement of earnings gives effect to a restatement of direct remuneration to the president from the historical basis (1964—\$62,000; 1965—\$62,000; 1966—\$102,000; 1967—\$175,334; 1968—\$140,000) to the anticipated future annual cost of \$60,000 and the appropriate income tax adjustments resulting therefrom.

Auditors' Report on Balance Sheets

To the Directors,
AUTOMOTIVE HARDWARE LIMITED:

We have examined the combined balance sheet of the companies set out in Note 1 to the financial statements as at December 31, 1968. Our examination included a general review of the accounting procedures and such tests of accounting records as we considered necessary in the circumstances.

After giving effect to the transactions set out in Note 1 to the financial statements as if they had occurred at December 31, 1968, in our opinion the aforementioned combined balance sheet presents fairly the combined financial position of the companies as at December 31, 1968, in accordance with generally accepted accounting principles applied on a consistent basis.

We further report that, in our opinion, the accompanying pro forma consolidated balance sheet presents fairly the financial position of the companies as at December 31, 1968, after giving effect at that date to the transactions and proposed transactions set out in Notes 1 and 2 to the financial statements.

Toronto, Ontario,
June 11, 1969

(Signed) MILLER, STONE, SAPERIA AND ISAACS,
Chartered Accountants

Auditors' Report on Statements of Combined Earnings, Combined Retained Earnings and Pro Forma Consolidated Earnings

To the Directors,
AUTOMOTIVE HARDWARE LIMITED:

We have examined the statements of combined earnings, combined retained earnings, and pro forma consolidated earnings of the companies set out in Notes 3 and 4 to the financial statements, for the five years ended December 31, 1968. Our examination included a general review of the accounting procedures and such tests of accounting records as we considered necessary in the circumstances.

We did not attend physical stock taking prior to December 31, 1968, but through other available practical tests and procedures, we have satisfied ourselves as to the reasonableness of the inventories.

In our opinion, the accompanying statements of combined earnings and retained earnings of the aforementioned companies present fairly the results of their operations for the five years ended December 31, 1968, in accordance with generally accepted accounting principles applied on a consistent basis throughout the period.

In our opinion, the accompanying pro forma consolidated statements of earnings of the aforementioned companies present fairly the results of their operations for the five years ended December 31, 1968, in accordance with generally accepted accounting principles applied on a consistent basis throughout the period, after giving effect to Note 14 to the financial statements.

Toronto, Ontario,
June 11, 1969

(Signed) MILLER, STONE, SAPERIA AND ISAACS,
Chartered Accountants

Purchaser's Statutory Rights of Withdrawal and Rescission

Sections 63 and 64 of The Securities Act, 1967 (Alberta), sections 70 and 71 of The Securities Act, 1967 (Saskatchewan), sections 63 and 64 of The Securities Act, 1968 (Manitoba) and sections 63 and 64 of The Securities Act, 1966 (Ontario) provide, in effect, that where a security is offered to the public in the course of primary distribution:

- (a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by him or his agent, and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect that, where a security is offered to the public in the course of primary distribution, a purchaser has the same right of rescission described in (b) above and also that a purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.

Reference is made to the aforesaid Acts for the complete texts of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

Certificates

Dated: June 11, 1969

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act, 1968 (Manitoba) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, under the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

(Signed) IRWIN GOLDHART

President and Chief Executive Officer

(Signed) GOLDIE POTASHIN

Secretary-Treasurer and Chief Financial Officer

On behalf of the Board of Directors

(Signed) IRWIN GOLDHART

Director

(Signed) GOLDIE POTASHIN

Director

Directors

(Signed) R. M. HANBURY

(Signed) IRWIN GOLDHART

(Signed) SIDNEY GOLDHART

(Signed) GOLDIE POTASHIN

(Signed) F. A. REID

(Signed) H. L. MENDELSON

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act, 1968 (Manitoba) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, under the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

WOOD GUNDY SECURITIES LIMITED

By: (Signed) P. J. CHADSEY

The following includes the name of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of Wood Gundy Securities Limited: C. L. Gundy, W. P. Wilder, J. N. Cole, E. S. Johnston, J. K. McCausland, P. J. Chadsey and J. R. LeMesurier.

7. PROPERTIES AND PLANT

Reference is made to the heading "Marketing" and "Plant and Equipment" on page 5 of the Prospectus.

8. SUBSIDIARY COMPANIES

<u>Name</u>	<u>Authorized Capital</u>	<u>Issued Capital</u>	<u>% of class beneficially owned by the Company</u>
Federal Bolt & Nut Corporation Limited*		100	100%
Automatic Screw Machine Products Limited**		800	100%
Docap Manufacturing Company Limited***	28,000 5% non-voting redeemable first preference shares with a par value of \$1 each	19,000	75%
	4,500 10% second voting redeemable preference shares with a par value of \$1 each	—	—
	2,000 non-voting participating third preference shares with a par value of \$1 each	—	—
	5,000 common shares without par value	1,000	75%

* incorporated under the laws of Ontario by letters patent dated July 30, 1959.

Federal Bolt & Nut Corporation has a wholly-owned subsidiary Brighton Screw Co. Inc. which is inactive and in the process of being liquidated.

** incorporated under the laws of Ontario by letters patent dated May 1, 1945.

*** incorporated under the laws of Ontario by letters patent dated February 27, 1952.

9. FUNDED DEBT

Reference is made to the heading "Capitalization" appearing on page 3 of the Prospectus and, for a description of the Series A Debentures, to the heading "Description of Series A Debentures" on page 6 of the Prospectus.

10. RIGHTS OF CONVERSION AND STOCK OPTIONS

Reference is made to the heading "Conversion Privilege" on page 6, "Class B Shares and Common Shares" on page 9 and "Options to Purchase Common Shares" on page 10 of the Prospectus.

11. LISTING ON OTHER STOCK EXCHANGES

No securities of the Company are listed on any other stock exchange.

12. STATUS UNDER SECURITIES ACTS

The Ontario Securities Commission issued its official receipt dated June 12, 1969, acknowledging receipt of the material required under The Securities Act, 1966 (Ontario) relating to the offering by the Company of 100,000 common shares without par value, the secondary offering of 200,000 common shares without par value of the Company and the offering by the Company of \$3,000,000 of the Company's 6% Convertible Debentures Series A. The foregoing securities were qualified for sale in all Provinces of Canada.

13. FISCAL YEAR

The fiscal year of the Company ends on December 31 in each year.

14. ANNUAL MEETING

The By-laws of the Company provide that the annual meeting of shareholders shall be held at such place within Ontario on such day in each year and at such time as the board may from time to time determine. The last annual meeting of the shareholders of the Company was held in Toronto on June 11, 1969.

15. HEAD OFFICE AND OTHER OFFICES

The Head Office of the Company and its subsidiaries Automatic Screw Machine Products Limited, Docap Manufacturing Company Limited, and Federal Bolt & Nut Corporation Limited are all located at 55 Brown's Line, Toronto, Ontario.

16. TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the Common shares is National Trust Company, Limited at its principal offices in the Cities of Montreal, Toronto, Winnipeg, Calgary and Vancouver.

17. TRANSFER FEE

No fee is chargeable on the transfer of the shares, other than security transfer taxes.

18. AUDITORS

The Auditors of the Company are Messrs. Miller, Stone, Saperia & Isaacs, Chartered Accountants, 11 Adelaide Street West, Toronto.

19. OFFICERS AND DIRECTORS

Reference is made to the heading "Officers and Directors" on page 9 of the Prospectus.

CERTIFICATE

Pursuant to a resolution duly passed by its board of directors Automotive Hardware Limited hereby applies for listing of the above-mentioned 1,155,000 common shares on The Toronto Stock Exchange and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

AUTOMOTIVE HARDWARE LIMITED



by: "IRWIN GOLDHART",
President

by: "GOLDIE POTASHIN",
Secretary-Treasurer

CERTIFICATE OF UNDERWRITER

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

WOOD GUNDY SECURITIES LIMITED

by: "ROSS M. HANBURY"

DISTRIBUTION OF COMMON STOCK AS OF AUGUST 12, 1969

Number	Holder	of	1 — 24	share	lots	Shares
3						30
92	"	"	25 — 99	"	"	4,405
283	"	"	100 — 199	"	"	29,060
98	"	"	200 — 299	"	"	19,760
29	"	"	300 — 399	"	"	8,750
17	"	"	400 — 499	"	"	6,900
45	"	"	500 — 999	"	"	24,900
54	"	"	1000 — up	"	"	206,195
<u>621</u>	Shareholders				Total shares	<u>300,000</u>